

LESEDI LOCAL MUNICIPALITY

STANDARD OPERATING PROCEDURES

FOR PROCEDURES FOR ORDERING, RECEIPT, MAINTENANCE, ISSUING AND DISPOSAL OF STOCK

(xxxxx)

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
1	Ordering of Stores:		
1.1	Stores reorder levels must be set for all items by the CFO which will be as follows: <ul style="list-style-type: none"> • Reorder Level • Maximum Level • Minimum Level • Emergency Level 	On-going	CFO/Store manager
1.2	A reorder listing should be printed weekly and reviewed by the Store Manager before purchase order can be completed.	On-going	Store manager
1.3	The Storeman <ul style="list-style-type: none"> • Must use the listing as a primary source of information to complete the purchase form; and • Physical inspection of stock on shelves shall be conducted before the purchase form is filled in 	On-going	Store manager
1.4	A copy of the purchase order form will then be forwarded by the Store Manager to the stores clerks	On-going	Store manager
1.5	The order must be matched to the purchase form to verify that the correct quantities and correct items have been ordered.	On-going	Creditors Store Clerk
1.6	Orders must thereafter be filed in date sequence	On-going	Snr Clerk
1.7	This file must form the basis for follow up of orders and for matching goods that are delivered to stores	On-going	Store manager/Snr clerk
1.8	The orders file should be reviewed weekly by the Store Manager and any orders, which have not been delivered as per the agreement with the buyer, must be followed up immediately.	On-going	Store Manager
2	Receipt of Stock:		
2.1	Goods will be delivered to the receiving area where the documentation will be recorded and then forwarded to the Storeman.	On-going	Store clerk

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2.2	The receiving official must match the delivery note to the purchase order, an electronic GRN will be created on the system and authorized by the Store Manager	On-going	Store manager & Snr Clerk
2.3	The receiving official must match the delivery note to the purchase order, an electronic GRN will be created on the system and authorized by the Store Manager	On-going	Store clerk/ Store Manager
2.4	The goods received note or invoice must be signed by the Stores Clerk / Store-man as proof of acceptance of the goods.	On-going	Store clerk
2.5	A computerised Goods Received Note or Stores Issue Requisition which reflects full particulars of receipts and issues must be maintained by the Stores Clerk and updated/authorized by the Store Manager, immediately when goods are received or issued.	Periodically	Store clerk/ Approved by Store Manager
2.6	Goods that are unused after the completion of the work or the fulfilment of the purpose for which they were issued, must be returned to the store and must be included in stock.	Periodically	Store manager and other officials from different
2.7	Goods Returned Note shall be filled in if stock is returned by the department to the warehouse. The Goods Returned Note shall be prepared by the Responsible Official and signed by the Responsible Manager	Periodically	Responsible official from different departments & Store Manager
2.8	The Storeman shall acknowledge the receipt of goods from the department by signing the Goods Returned Note	Periodically	Store clerk/Snr Clerk
3	Maintenance of Stores:		
3.1	Inventory and equipment belonging to the Council must be clearly marked/ bar-coded as such, to indicate ownership.	On going	Store manager
3.2	Inventory belonging to the Council shall be kept in a place approved of by the CFO, subject to the conditions he or she determines.	On going	Store manager
3.3	No section shall carry inventory in excess of its normal requirements, as may be determined by the CFO.	On going	CFO/ Store manager
3.4	The CFO shall ensure that at least once every financial year, stock-taking of all stores of the	Annually	CFO

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	Council takes place as follows:		
3.4.1	The financial year-end stock take will take place on the last week of the financial year or as close to that date as possible.	Annually	Manager SCM
3.4.2	All Heads of Sections and the Council's external auditors must be notified of the date of the annual year end stock take.	Annually	Manager SCM
3.4.3	Stores must be closed at noon the day before stock take. A notice to this effect must be prominently displayed on the stores notice board	Annually	Manager SCM
3.4.4	In the case of an emergency, stock items may only be issued on the explicit authority of the CFO	Annually	CFO/Store Manager
3.4.5	Prior to stock take, the Store Manager must ensure that all transactions up to the date of stock take, have been recorded. All goods received notes, requisition issues and goods returned notes should be captured onto the stores computer system.	Annually	Store Manager
3.4.6	An official delegated the responsibility, shall make available stock take listing sheets to auditors for recording the physical count figures	Annually	Snr Clerk
3.4.7	All bin cards must be removed from the shelves before the stock count	Annually	Store Manager
3.4.8	Stock items must be counted in an orderly fashion from one end to the other, using the two count method by a store-man and by persons not dealing with stock on a regular basis.	Annually	Snr Procurement Officer
3.4.9	Stock that has been drawn for use at a later date should be included in the stock-count and not expensed. Consumables should also be included in the stock-count and not expensed	Annually	Store Manager
3.4.10	After each item is counted, they must be marked with a sticker to indicate that they have been counted.	Annually	Stock take team
3.4.11	After each item is counted, the total must be entered onto the stock sheets.	Annually	Stock take team
3.4.12	Stock sheets must be signed by counters and checkers.	Annually	Stock take team
3.4.13	On completion of the count, all stock sheets must be handed to the Supply Chain Manager	Annually	Store Manager
3.4.14	Physical count figures will be verified to the computerised listing. The Stock Controller should not be involved in any aspect of this verification	Annually	Manager SCM

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3.4.15	Should any discrepancies arise, a recount of the product is done, and the requisition entries are re-checked.	Annually	Snr procurement officer
3.5	All write-offs of obsolete or damaged stock should be authorised by the CFO.	Annually	CFO
3.5.1	The Store Manager shall submit a report stating the quantity and value of any surplus or shortage of stores revealed by the stock-take, together with the possible reasons for this.	Annually	Store Manager
3.5.2	The CFO shall then report such surpluses and shortfalls to the Council for further steps to be taken, if necessary.	Annually	CFO
3.6	The Store Manager shall submit a report stating the quantity and value of any surplus or shortage of stores revealed by the stock-take, together with the possible reasons for this	Annually	Store Manager
3.7	The CFO shall then report such surpluses and shortfalls to the Council for further steps to be taken, if necessary.	Annually	CFO
3.8	A thorough internal control system must be established by the CFO to ensure that when a change of officials responsible for stores and equipment takes place, accountability with regard to losses and deficits can be clearly established.	Annually	CFO
4	Issue of Stock:		
4.1	Only the Store men are authorized to issue goods from the General stores.	On-going	Store Manager and Store Clerks
4.2	Goods should only be issued in terms of a properly authorised requisition form.	On going	Store Manager and Store Clerks
4.3	Specimen signatures of all persons authorized to sign requisitions shall be supplied to the Store Manager	On going	CFO (PA)
4.4	If the signature is not of an authorised official, the requisition should be sent back to the respective section.	On going	Store Manager
4.5	The Responsible Manager must verify that the correct vote is entered on the requisition for the type of goods requested and that there is sufficient budget provision against the vote.	On going	Each HOD and or Manager from different departments
4.6	The Store man and recipient of goods must agree that the goods requisitioned, agree to the goods	On going	Store man and recipient

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	drawn from stores, as on the requisition.		
4.7	The recipient must sign the requisition as evidence that the goods stated on the issue note, have been received.	On going	Recipient
4.8	Once the stores have been issued, the requisition is captured into the computer system by the store clerk and authorised by the Store Manager	On going	Store Clerk & Store Manager
4.9	The daily requisitions must be captured on a spreadsheet and signed off by the relevant officials and then filed together with the requisitions on a daily basis	On going	Store clerk and Snr Clerk or Store Manager
5	Disposal of Goods:		
5.1	The CFO must furnish the Council with a list of goods to be disposed of, together with the reasons for their disposal.	Periodically	CFO/ Store manager
5.2	The goods disposed of in the instance referred to above may only be handed over to the purchaser on full payment of the purchase price, or when other satisfactory arrangements for payment have been made with the CFO.	Periodically	Store Manager
5.3	Stores may be disposed of by public auction provided that the approval of Council is obtained.	Periodically	Store Manager/ Asset Accountant

APPROVAL OF SOP

SIGNATURE : LINE MANAGER

DATE

SIGNATURE : HEAD OF DEPARTMENT

DATE